

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

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FISCAL IMPACT STATEMENT

LS 7475

BILL NUMBER: SB 487

NOTE PREPARED: Feb 5, 2015

BILL AMENDED: Feb 2, 2015

SUBJECT: Business and other associations.

FIRST AUTHOR: Sen. Glick

FIRST SPONSOR:

BILL STATUS: 2nd Reading - 1st House

FUNDS AFFECTED: X **GENERAL**
DEDICATED
FEDERAL

IMPACT: State

Summary of Legislation: The bill makes changes to business and other association laws concerning the following:

- (1) Filing fees for agricultural cooperative associations.
- (2) Requirements regarding filings and fees for certain filings with the Office of the Secretary of State (SOS).
- (3) Delivering of documents by the SOS.
- (4) Meetings of shareholders of corporations, including notice requirements.
- (5) Merger of a parent corporation with a wholly owned subsidiary of the parent corporation.
- (6) Administrative dissolutions.
- (7) Reporting requirements.
- (8) Correcting documents filed with the SOS.

It repeals provisions concerning the registration of the name of a foreign corporation, foreign limited liability partnership, foreign limited partnership, foreign nonprofit corporation, or foreign limited liability company. It also makes a technical correction.

Effective Date: (Amended) July 1, 2015; July 1, 2016.

Explanation of State Expenditures: *Secretary of State (SOS):* The bill's requirements are within the agency's routine administrative functions and should be able to be implemented with no additional appropriations, assuming near customary agency staffing and resource levels.

Explanation of State Revenues: *Agricultural Cooperative Associations:* The bill eliminates the fee for agricultural cooperatives to file articles of incorporation with an issuance of capital stock. It also eliminates

the fees associated with increasing capital stock and issuing certificates. Instead, all domestic agricultural cooperatives will pay the existing \$5 fee to file articles of incorporation regardless of whether they issue shares. The existing fee for foreign agricultural cooperatives is \$10. The actual revenue decrease is indeterminable, but likely to be insignificant.

[The fee to issue or increase capital stock is \$5 for the first \$5,000 offering and \$0.01 for each additional \$100. The fee to issue a certificate is \$1 and \$0.50 for each impression of the Seal of the State of Indiana. The SOS's office has received only three filings by agricultural cooperatives in the last four years.]

Nonprofit Corporations: This bill requires nonprofit corporations to file biennial reports instead of annual reports. The filing fee is also increased to \$20 for filing in writing and \$10 for filing electronically. This provision will have no fiscal impact.

The current nonprofit annual report filing fee was \$10 for filing in writing and \$5 for filing electronically.

Registered Names: The bill eliminates the procedure for foreign corporations to register a name with the SOS. However, they will still be able to reserve names which serves the same purpose. The SOS averages 14 applications to register a name a year. This provision is estimated to reduce state General Fund revenue by less than \$300 per year.

The application fee for a registered name is \$30 for filing in writing and \$20 for filing electronically. The application fee for a reserved name is \$20 for filing in writing and \$10 for filing electronically.

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: Office of the Secretary of State.

Local Agencies Affected:

Information Sources: Rebecca Longfellow - Director of Business Services Division, SOS, 317-232-6583.

Fiscal Analyst: Heath Holloway, 232-9867.